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Proposed programme budget for the biennium 2008-2009

**Construction of additional office facilities at the Economic
Commission for Africa in Addis Ababa**

Report of the Secretary-General*

Summary

By its resolutions 56/270 and 60/248, the General Assembly approved the construction of additional office facilities at the headquarters of the Economic Commission for Africa in Addis Ababa at a total estimated project cost of \$11,383,300. In accordance with the request of the General Assembly in resolution 60/248, the present report provides information on the progress made in the implementation of the project since the issuance of the previous report of the Secretary-General (A/61/158), seeks approval of the revised project estimate of \$14,333,100 and the authority to enter into a commitment in the amount of \$1,936,400 gross (\$1,849,800 net), to be reported as necessary in the context of the first performance report for the biennium 2008-2009.

* The issuance of the report was delayed owing to the need for extensive consultation in the overall context of ongoing capital expenditure projects.



I. Introduction

1. By its resolution 56/270, the General Assembly approved the construction of additional office facilities at the headquarters of the Economic Commission for Africa (ECA) in Addis Ababa, with a total area of approximately 6,770 square metres, and the utilization of an amount of \$7,711,800 for that purpose, to be financed from within the available balance of the construction-in-progress account. Subsequently, by section VII of resolution 60/248, the General Assembly took note of the report of the Secretary-General (A/60/532) and endorsed the related recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/60/7/Add.21, para. 12) to expand the scope of the project to include the construction of two additional floors that would be completed simultaneously with the originally approved four floors. The total capacity of the new office facilities would be 9,550 square metres, at a total estimated project cost of \$11,383,300. In accordance with the request of the General Assembly in its resolution 56/270, progress reports are submitted to the General Assembly on an annual basis. The present report provides information on the progress made in the implementation of the project since the issuance of the previous annual report of the Secretary-General (A/61/158).

II. Allocation of additional land and access to it by the host country

2. In his previous annual report, the Secretary-General informed the General Assembly that the addendum to the host country agreement had been cleared by the Office of Legal Affairs and submitted to the host country Government for approval. The addendum has now been signed, giving ECA rights to the duty-free and tax-free import of services and materials and other related privileges that will allow the efficient and cost-effective implementation of the project.

3. ECA continues to collaborate with the local authorities on the construction of the alternate public access road, and while the Addis Ababa municipality remains positive as to the timely construction of the road, no progress has been made to date. In the event that the access road cannot be completed before the start of the construction of the new office facility, it will be necessary for ECA to build a temporary access road which would entail additional costs for the United Nations.

III. Status of development of the project

4. Following the approval by the General Assembly of the two additional floors, it became necessary to have the project design revised to accommodate the changes. Revised drawings were developed and submitted to ECA in September 2006. In reviewing the submission, a number of issues with the proposed design had to be addressed, requiring extensive coordination among all parties involved (e.g., the positioning of the elevators and the electrical circuitry in the structure). Other associated minor changes entailed cost escalation and required amendment to the initial contract with the international architect. A series of negotiations was conducted with the architect and an agreement was reached in mid-2007. In addition, the project coordinator, who had been selected in October 2006, could not

join ECA until April 2007, which contributed to the delays since his input to the design was considered essential. The amendments to the contract with the international architect were signed on 13 June 2007 and the architect submitted the final drawings to ECA at the end of August 2007. The bidding exercise for the selection of a general contractor was initiated shortly after completion of review of the drawings, and the final tender documents are being completed. It is anticipated that the selection of a general construction contractor will be finalized in February 2008 and that the construction works will commence immediately thereafter.

5. A summary of expenditure on the project as at 31 August 2007 is provided in table 1.

Table 1
Expenditures on the construction of additional office facilities
at the Economic Commission for Africa

(United States dollars)

	<i>Approved budget</i>	<i>Expenditure as at 31 August 2007</i>
Construction costs	7 488 600	—
Design, consultancy services and project coordination	1 384 900	1 100 357
Site works	1 153 300	29 110
Workstations and furniture	262 800	—
Construction contingencies	1 093 700	—
Total	11 383 300	1 129 467

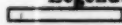
6. In view of the difficulty encountered by the international architect in coordinating the project from abroad, a decision was taken to hire a locally based architect for the construction phase of the project, which is expected to be a more cost-effective means of facilitating the day-to-day management of the project. The selection of the architect is currently undergoing evaluation. Moreover, to provide oversight by United Nations Headquarters, an independent quantity surveyor who would report directly to the Facilities Management Service at Headquarters is in the process of being appointed. The quantity surveyor will provide independent control over the various aspects of the construction, including verification of the contractors' invoices.

7. Owing to the amendment to the contract with the international architect and the delay in the design work, the original project schedule has had to be revised. The project is now expected to be completed in August 2010 instead of October 2009. A summary of the revised project schedule is provided in table 2.

Table 2
Revised project schedule of the construction of additional office facilities at the
Economic Commission for Africa

Time line	2006	2007	2008	2009	2010
Activities					
Design completion and evaluation	10.2006	08.2007			
Tender for general contractor	04.2007	02.2008			
Construction phase			03.2009	01.2010	
Interior set-up				09.2009	07.2010
Occupancy				10.2009	08.2010

Legend:

-  Project schedule envisaged in the previous report of the Secretary-General (A/61/158).
 Current revised project schedule.

IV. Security requirements

8. The construction of new office facilities entails certain elements of risk assessment, mitigation measures, structural modifications, fire protection and the upgrading of safety systems. To provide United Nations staff and premises at the ECA complex with a sufficient level of security and safety preparedness, it will be necessary to provide expanded security services. The security requirements had not been sought earlier while ECA was engaged in the protracted work of revising the design: it was anticipated that security services would be required only upon the commencement of the construction phase and that security requirements for the remainder of the 2006-2007 biennium could be met from within existing resources. However, upon the finalization of the design and following an assessment of the threat level and the security arrangements required during the construction phase, it was identified that, as of 2008, additional resources will be required, given that the security staff currently authorized at ECA are fully engaged in covering existing assignments (e.g., control of pedestrian and vehicular access, security patrols, issuance and control of passes and identification, canine unit crisis management, fire and hazardous material safety, security control centre, close protection, etc.). To effectively provide security services to the construction areas and to other areas of the complex in which the work and activities of the United Nations will continue to be performed, it has been estimated that 25 additional security officers will be required for provision of the following services:

(a) *Pedestrian and vehicular access.* With the construction under way, the need to manage the entry of construction workers and materials will become critical. Consequently, two extra checkpoints will need to be opened to handle the entry and exit of construction workers and materials. Since these two checkpoints would need to be manned on a 24-hour basis and since all of the currently authorized resources are fully committed, six security officers (three for each checkpoint) would be

required in order to provide the expanded security services during the construction phase;

(b) *Security patrol.* Internal patrols will become critical with access to the ECA premises opened to the construction workers. Construction is expected to be carried out six days a week, and it is anticipated that an around-the-clock security presence would be required to secure the construction site and materials. Since the construction site is some distance away from the existing ECA premises, current security patrols will not be able to absorb this work in the performance of their routine functions. A total of 14 additional security officers (two teams of 7) would be required to conduct security-patrolling duties on a 24-hour basis;

(c) *Fire safety, hazardous material and related tasks.* The construction work will entail additional safety issues and risks related to hazardous material, fire safety, etc. Five security officers are required to perform fire and safety patrols for monitoring code and safety violations during construction.

9. To meet the above requirements, a provision of \$759,800 will be required in the 2008-2009 biennium, consisting of: (a) \$622,500 for general temporary assistance for the cost of 25 security officers for the period from March 2008 to December 2009; (b) \$47,600 for uniforms and uniform items; and (c) \$89,700 for security equipment.

10. Security requirements for periods beyond December 2009 will be reviewed and considered in the context of future proposed programme budgets.

V. Construction requirements

11. While the estimated cost for the design and construction of the additional office facilities, as approved by the General Assembly in section VII of resolution 60/248, amounts to \$11,383,300, it is recalled that an additional requirement of \$1,100,000 was identified for the information and technology network and telephone equipment (A/60/532, para. 19). That requirement, however, was not to be requested until such time as the Organization-wide compatibility of the systems, including their integration with the standardized access control system, could be ensured. Consequently, a provision of \$1,100,000 for that purpose has been included in the proposed programme budget for the biennium 2008-2009 (A/62/6 (Sect. 32)), which would allow occupancy by 2010. The provision is based on estimates of office accommodation for 610 offices and workstations and 1,000 telephone lines, including facsimile and central office trunk and tie lines.

12. As the construction plan further developed, especially following the completion of the design and evaluation process in August 2007, the following additional requirements that need to be addressed in the implementation of the project have been identified:

(a) *Internal access roads.* At the time of the project's conception, no internal access road was considered necessary because the initial location of the building was inside the existing compound and it was uncertain at that time whether additional land would be granted by the host Government. With the subsequent allocation of additional land and the completion of the design, it has become necessary to build internal access roads at an estimated cost of \$130,000. It should

be noted that inclusion of this project at a later stage would compromise the completion and occupation date of the building;

(b) *Supplementary parking.* The construction of additional office facilities will eliminate the open-air parking space which is currently used by some of the occupants of the ECA compound. Further, with the implementation of the headquarters minimum operating security standards, some parking spaces were closed for security reasons, resulting in a 20 per cent reduction in the existing parking space. Owing to the insufficient public transportation and the increased activities of the United Nations agencies located in the compound, the number of field and office vehicles has dramatically increased. Similarly, the requirement of the diplomatic and African Union community for access to the compound has also increased. In addition, an estimated 610 staff members will be occupying the new office facilities, placing an increased demand on the parking capacity. Because of these reasons, it has become necessary to build a multi-storey parking facility at an estimated cost of \$660,000 (i.e., a parking capacity of 660 cars at an average cost of \$1,000 per car space). ECA is currently reviewing the possibility of introducing a parking fee policy as from January 2008. The policy, should it become effective, is expected to generate income of \$54,000 per year, based on the current parking capacity of 600 cars. With the completion of the supplementary parking facility, which would bring the total parking capacity to 1,260 cars, the parking fee income would increase to \$172,800 per year, based on the current proposal to designate 300 car spaces for use on a first-come first-served basis;

(c) *Back-up power supply.* The power supplied by utilities in Addis Ababa has not been consistent in the recent years. Forecasts indicate a likelihood of more outages in the near future owing to insufficient new power production capacities, and the increase in demand as a result of the electrification and industrialization of the country. To ensure power supply to the new office facilities upon their completion, an estimated \$300,000 will be required for back-up generators and facilities. The generator, together with cabling, panelling, testing, etc., would be installed during the construction phase.

13. The additional requirements arising from the security and construction requirements indicated above are summarized in table 3.

Table 3
Revised project cost

(United States dollars)

	Estimated costs
Initial funding approved by the General Assembly in resolution 60/248	
Construction costs	7 488 600
Design and consultancy services	774 700
Site work, fire protection, local area networks/wide area networks, lighting, security and audio systems	1 153 300
Workstations and furniture	262 800
Project coordination	610 200
Construction contingencies	1 093 700

	<i>Estimated costs</i>
Additional funding requested in the proposed programme budget for the biennium 2008-2009 (A/62/6 (Sect. 32))^a	
Installation of information technology and telephone equipment	1 100 000
Subtotal	12 483 300
Additional funding requested in the present report	
Safety and security	759 800
Internal access roads	130 000
Parking and landscaping	660 000
Generators and generator house	300 000
Subtotal	1 849 800
Total	14 333 100

^a Subject to approval.

VI. Conclusion

14. As noted above, owing to the delays in the project design phase, the additional requirements relating to ensuring safety and security and the unforeseen construction components that have become necessary for the new office facilities, it is anticipated that the total cost of the project would amount to \$14,333,100. Based on the projected expenditure for each year (see annex), a commitment authority by the General Assembly is sought at the present time under section 32 (\$1,090,000), section 33 (\$759,800) and section 35 (\$86,600) of the proposed programme budget for the biennium 2008-2009, offset by an equivalent amount under income section 1, to be reported, as necessary, in the context of the first performance report for the programme budget for the biennium 2008-2009.

VII. Action to be taken by the General Assembly

15. The General Assembly is requested to:

(a) Approve the revised total cost of \$14,333,100 for the construction of additional office facilities at the Economic Commission for Africa, Addis Ababa;

(b) Authorize the Secretary-General to enter into a commitment in the amount of \$1,936,400 gross (\$1,849,800 net) under the proposed programme budget for the biennium 2008-2009, to be reported, as necessary, in the context of the first performance report for the programme budget for the biennium 2008-2009, comprising \$1,090,000 under section 32, Construction, alteration, improvement and major maintenance; \$759,800 under section 33, Safety and security; and \$86,600 under section 35, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment.

Annex

Projected expenditure for additional office facilities at the Economic Commission for Africa

(United States dollars)

	Total amount	Expenditure as at 31 August 2007	Projected expenditure			
			September- December 2007	2008	2009	2010
Approved budget (General Assembly resolutions 56/270 and 60/248)						
Construction costs	7 488 600	—	—	2 995 440	3 744 300	748 860
Design, consultancy services and project coordination	1 384 900	1 100 357	36 151	286 000	289 400	239 150
Site works	1 153 300	29 110	—	505 885	618 305	—
Workstations and furniture	262 800	—	—	—	—	262 800
Contingencies ^a	1 093 700	—	—	52 754	263 771	211 017
Additional funding requested in the proposed programme budget for the biennium 2008-2009 (A/62/6)						
Installation of information technology and telephone equipment	1 100 000	—	—	—	880 000	220 000
Additional requirements proposed in the present report						
Safety and security	759 800	—	—	409 800	350 000	—
Internal access roads	130 000	—	—	45 500	45 500	39 000
Parking and landscaping	660 000	—	—	132 000	264 000	264 000
Generators and generator house	300 000	—	—	—	300 000	—
Total	14 333 100	1 129 467	36 151	4 427 379	6 755 276	1 984 827

^a It is projected that an amount of \$566,158 from contingencies would be used to cover expenditures in relation to design, consultancy services and project coordination.